



**DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
2 NAVY ANNEX
WASHINGTON, DC 20380-1775**

IN REPLY REFER TO:
SEP 20 2002
4860
LR

From: Assistant Commandant of the Marine Corps

Subj: PROMPT COMPLETION OF REMAINING MARINE CORPS A-76
COST COMPARISONS

Encl: (1) Prompt Resolution of Issues Arising during the
Independent Review (IR) Process

1. The five A-76 cost comparisons that we have completed to date have yielded annual savings of over \$20 million dollars. These completions have reduced pre-study operating costs by approximately 40 percent and have returned over 150 Marines to the operating forces. We need to build upon these successes by ensuring that our 10 remaining USMC A-76 cost comparisons are completed as soon as possible to realize the much needed savings that these cost comparisons will yield. In addition, the sooner we arrive at a decision and identify actual transition costs, the sooner we can free up any unneeded A-76 transition funds for other pressing Marine Corps requirements.

2. The Marine Corps' need to realize savings beginning in FY 2002 led to our establishing an internal completion target of 24 months for all our multi-function cost comparisons vice OMB's 36 month target and Congress' 48 month statutory limit. Nevertheless, several of our remaining cost comparisons will exceed our 24 month target by 12 months or more. These delayed completions have re-emphasized the need for our senior leadership at all echelons to become more actively involved in overseeing the execution of our remaining A-76 cost comparisons.

3. Two issues highlight the need for more senior level oversight. First, the inability of some installations to complete their A-76 Independent Reviews (IRs) on schedule has led to avoidable delays in completing these cost comparisons. Addressees must ensure all remaining IRs at their installations are completed expeditiously and within budget. The enclosure outlines procedures to assist in prompt completion of the IR process. Second, the use of flawed performance work statements in two recent A-76 studies led the contracting officer to cancel what would have been completed cost comparisons. While these

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canceled solicitations will be re-issued, these avoidable errors cause major delays and additional expenditures that we can ill afford.

4. The Commandant and I recognize that the A-76 cost comparison process can be difficult and painful; however, it is a vital tool for achieving savings that will help us meet the Marine Corps' expanding challenges. We need your continued support to ensure our remaining A-76 cost comparisons are completed promptly.



W. L. NYLAND

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Prompt Resolution of Issues Arising during the Independent
Review (IR) Process

Ref: (a) Guide for Reviewing Cost Estimates Prepared Under the
Commercial Activities Program dtd 17 May 2001
(b) Naval Audit Service Commercial Activity Study
Independent Review Process (May 21, 2001 Revision)

1. To ensure that the interface between the installation undergoing the IR and the NAVAUDSVC's IR consultant operates at the optimum level, each command should ensure that its installations comply fully with the Standard CA Study Documentation Requirements outlined in references (a) and (b) before the independent review commences.

2. To the maximum degree possible, both the installation and the independent reviewer should aggregate their treatment of issues that emerge during the IR process to minimize the delays associated with the separate processing of interdependent issues. Given the complexity of the IR process, it is expected that some differences will emerge during the review process between the independent reviewer and the installation over policy interpretations and over the reasonableness of the kinds of supporting documentation provided/not provided to the independent reviewer. Both parties should make all reasonable efforts to resolve such differences promptly.

3. If, however, it becomes clear to either party that differences remain after these initial attempts to resolve the issue, the parties should promptly refer the matter to HQMC (LR) for resolution using the Hot Line procedures outlined in Section A, paragraph 3.d. of reference (a) to minimize any further delays and continued non-productive exchanges. If the issue is amenable to description in an email, use of email is encouraged. All emails should info all interested parties, i.e., the organization conducting the study, its chain of command, and the independent reviewer and should be addressed to uptonth@hqmc.usmc.mil.

4. The independent review is a critical element in the A-76 cost comparison process. It is important that all concerned parties ensure that this review is performed in a timely manner consistent with the requirements outlined in references (a) and (b). Any questions concerning the implementation of the USMC's independent review process should be addressed to Mr. Tom Upton, HQMC(LR) at (703)614-4760, DSN 224-4760.

Enclosure (1)